



**Ninety-Ninth Legislature - First Session - 2005**  
**Introducer's Statement of Intent**  
**LB 141**

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**Chairperson:**       **Ron Raikes**  
**Committee:**       **Education**  
**Date of Hearing:**   **January 25, 2005**

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The intent of LB 141 is to repeal Neb. Stat. § 79-1027, which limits school district general fund cash reserves. Section 79-1027 places an absolute limit on school district general fund cash reserves, varying from 20 percent to 45 percent of each district's general fund budget of expenditures. Repealing this section will return school districts to the budget reserve limitation of 50 percent of the total budget adopted, exclusive of capital outlay items, under Section 13-504(1)(b) of the Nebraska Budget Act. This is the budget reserve limitation school districts shared with all other state political subdivisions prior to 1990.

The original intent of the school district reserve limitations was to prevent school districts from raising property taxes for cash reserves that they could not raise for operations due to spending limitations. That original intent was rendered moot when property tax levy limitations were imposed on school districts beginning with their 1998-1999 fiscal year.

School districts today have a greater need for cash reserves due to a reduction in state aid and a greater reliance on property taxes. Also, school districts may reduce their costs for commercial insurance by relying on accumulated reserves to self-insure against various risks.

**Principal Introducer:** \_\_\_\_\_  
**Senator Marian L. Price**